



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #150

Aids to County and District Fairs (Agriculture, Trade and Consumer Protection)

[LFB 2003-05 Budget Summary: Page 51, #4]

CURRENT LAW

The Department of Agriculture, Trade and Consumer Protection (DATCP) provides county and district fair aids to each county and to certain organized agricultural societies, associations or boards in the state in an amount equal to 95% of the first \$8,000 actually paid in net premiums and 70% of all net premiums that exceed \$8,000, up to a maximum amount of \$15,000. Eligible premium costs include those paid for livestock articles, for production, educational exhibits, agricultural implements and tools, domestic manufactures and mechanical implements and productions. If premium reimbursement requests exceed available funding, DATCP is required to pro-rate the amount of aids provided to each fair

For 2002-03, DATCP is appropriated \$555,700 for fair aids payments.

GOVERNOR

Delete \$555,700 GPR annually to eliminate funding for aids to county and district fairs.

DISCUSSION POINTS

1. DATCP has made some form of fair aid payment to county and district fairs since 1858.
2. For 2002, a total of 56,600 juniors (those under 20 years of age on January 1 of the current fair year) showed 300,100 exhibits in the junior class, 13,000 exhibitors entered 117,400 exhibits in the open class, and 700 seniors entered 3,800 exhibits in the senior class.

3. DATCP makes aid payments in two installments. The first payment is made in the fall and is equal to 50% of the prior year's fair payment. The second payment is typically made the following February or March, and is equal to the balance owed to the fair for the previous year's fair premiums, minus any necessary pro-ration.

4. From 1990-91 through 1998-99, the statutes allowed the use of pari-mutuel revenues to offset GPR fair aids on a dollar-for-dollar basis. A continuing appropriation was set up for this purpose, with the maximum amount of pari-mutuel program revenues that could be transferred to DATCP per year set in the statutes. The cap was set at \$750,000 PR in 1990-91 and \$650,000 from 1991-92 through 1998-99. During this period, DATCP's aids to county and district fairs GPR appropriation was converted to sum sufficient, but annual GPR expenditures were capped at \$368,500 through 1993-94 and \$585,000 beginning in 1995-96. If available pari-mutuel revenue exceeded the GPR sum sufficient appropriation amount, total fair aids would be available up to the amount of pari-mutuel program revenue available. A 1999 amendment to the Wisconsin Constitution requires that all state pari-mutuel revenues be directed toward property tax relief. Thus, county and district fair aids could no longer be funded from pari-mutuel supplemental aid and have again been funded solely from the GPR appropriation since 1999-00. The effect of the constitutional change has been to cap the amount of aids received by counties at the statutorily authorized GPR funding level.

5. Due to the loss of pari-mutuel revenue as a source of fair aids funding under the 1999 Constitutional amendment, the GPR sum-sufficient appropriation was converted to sum certain beginning in 1999-00 and provided an annual appropriation of \$585,000, the same maximum GPR funding level that had been previously available. In his 2001-03 budget adjustment bill, Governor McCallum recommended reducing fair aids to \$564,500 in 2001-02 and to \$555,700 in 2002-03. These recommendations were included by the Legislature as part of 2001 Act 109.

6. The following table shows expenditures for aids to county and district fairs for 1987-88 through 2002-03.

<u>Fiscal Year</u>	<u>GPR Expenditures</u>	<u>Pari-Mutuel Aid</u>	<u>Total Expenditures</u>
1987-88	\$356,900	\$0	\$356,900
1988-89	368,400	0	368,400
1989-90	368,500	0	368,500
1990-91	309,600*	142,500	452,100
1991-92	0	650,600	650,600
1992-93	0	650,000	650,000
1993-94	0	691,200**	691,200
1994-95	601,100*	48,700	649,800
1995-96	585,000	0	585,000
1996-97	0	613,800	613,800
1997-98	0	585,000	585,000
1998-99	0	650,000	650,000
1999-00	584,600	0	584,600
2000-01	585,000	0	585,000
2001-02	564,500	0	564,500
2002-03	555,700	0	555,700

*Includes one-time GPR supplements of \$32,200 in 1990-91 and \$232,800 in 1994-95.

**Exceeds \$650,000 due to an available balance from the prior year.

7. The amount of the premiums awarded, which is set in administrative code by DATCP, range from \$1 to \$20.

8. Of the total \$901,900 in premiums awarded by county and district fairs in 2002, \$651,300 in premiums were awarded in the junior class, \$241,500 in premiums were awarded in the open class and \$9,100 in premiums were awarded in the senior class, as shown in the attachment.

9. Some have argued that, despite the state's fiscal situation, it should preserve funding for state fair aid premium payments. They argue that these premiums offer a positive incentive for children that lead many to partake in activities in order to compete for these premiums. Further, they argue that due to the period of time that fairs have received state aid, they have come to expect and depend on this aid for the fairs' operations.

10. As a result, if the Committee is interested in restoring funding, one option might be to provide state aid payments only for premiums awarded to juniors. As mentioned above, county and district fairs in Wisconsin awarded \$651,000 in premiums to juniors in 2002. If state aid payments were awarded to only premiums paid to juniors, and by the same formula that aid

payments are currently made (95% of the first \$8,000, 70% thereafter up to a maximum of \$15,000), county and district fairs could have sought a total of \$573,200 in reimbursements in 2002. If 50% of premiums awarded to juniors were to be supported by state aid payments (with a maximum of \$10,000 per fair), county and district fairs would have been eligible for \$319,600 in payments for 2002 fairs. At 33% (with a \$6,000 maximum), \$210,600 in eligible costs could have been claimed for 2002.

11. Others argue that the premiums awarded by the fairs should not be the primary reason to participate in the exhibits, and that the focus of these exhibits should be on their educational value rather than any monetary award. Further, it is argued that the ribbons awarded by the fair may be more important to the participants than the premium received.

12. In addition, fairs have other possible sources of revenue. Under ATCP 160, the administrative rule that governs county and district fairs, fairs are allowed to charge exhibitors an entrance fee of up to 10% of the sum of all premiums offered to exhibitors in the same class for which the entry fee is charged. Fairs may also charge stall rents for horses, cattle, sheep, goats, swine, poultry, rabbits or pets. These rents may not exceed \$1.50 per single stall or animal or \$3 per box stall for horses, \$1 per single stall or animal or \$2 per box stall for cattle, or 50¢ per animal or \$2 per pen for swine, goats or sheep. In addition, cage rents may not exceed 50¢ per head for poultry, rabbit or pet exhibits. Of the 76 fairs that received state aid for premiums for 2001 fairs, 38 did not charge any exhibitor entry fees and 42 did not charge any stall or pen fees.

13. Gate admissions, parking and concessions are other possible sources of revenue that could support the costs of exhibit premiums. In 2001, 14 of the 76 fairs that received state aid payments did not charge any admission or parking fees. Further, 35 of the 76 fairs that received aid payments in 2001 did not operate fair concessions that could be used to raise revenue for premium payments.

14. Some also question funding county and district fair premiums from general purpose tax revenue given the state's current financial situation. State fair aid payments for 2001 fairs equaled \$564,500, or 2.4% of total fair receipts of \$24,020,000.

15. Others argue that eliminating these payments may have negative results on total revenues received by the fairs. This argument reasons that without state funding, many fairs may reduce or eliminate premiums. Without these premiums, participation in fair contests, especially among children, may decrease. Further, as a result of this potential decrease in fair contest participation, fair attendance could decline, as children and other contest participants may no longer desire to go to the fair, as could relatives and other acquaintances that otherwise would have attended to show support for contest participants.

16. Between 1987 and 1991, fair aid premium payments by the state increased by 82% (from \$356,900 to \$650,600), while total receipts received by fairs increased by 33% (\$9,120,000 to \$12,160,000). However, between 1991 and 2001, state fair aid payments decreased by 13% (\$650,600 to \$564,500), while total fair receipts increased by 98% (\$12,160,000 to \$24,020,000).

17. It is argued that since many fairs have already signed contracts for this year's events, state aid payments for the current year should be restored. Others counter that a funding reduction at this time would still give the fairs time to find other sources of revenue to support the premiums to be awarded.

18. Some have argued that since county and district fairs are required to use judges registered by the state, and to adhere to animal welfare regulations, that the state should provide some sort of compensation to the fairs. Others argue that the judging requirement exists to provide uniform standards throughout the state, and should not require state compensation. Further, while state aid may serve as an incentive to follow DATCP animal health rules, state law provides DATCP with the authority to regulate fairs and enforce animal health laws regardless of whether or not they receive state aid.

19. The Committee could consider restoring fair aid funding to one of a number of levels. Funding of \$368,500 was offered in 1989-90 (prior to the commencement of the use of pari-mutuel revenues to support fair aid payments). Funding a portion of junior premiums could be considered. Another alternative would be to provide some level of funding in 2003-04, but eliminate funding beginning in 2004-05.

ALTERNATIVES

A. County Fair Aids Funding

1. Approve the Governor's recommendation to eliminate base funding (\$555,700) for aid payments to county and district fairs for the purpose of reimbursing premiums awarded by the fairs.

2. Rather than the Governor's recommendation, approve one of the following amounts:

a. Delete \$187,200 annually to reflect the amount of state aid available in 1989-90 for fairs (\$368,500).

Alternative 2a	GPR
2003-05 FUNDING (Change to Bill)	\$737,000

b. Delete \$236,100 annually (\$319,600 annually would remain, or about 50% of junior premiums).

Alternative 2b	GPR
2003-05 FUNDING (Change to Bill)	\$639,200

c. Delete \$345,100 annually (\$210,600 annually would remain, or about 33% of junior premiums).

Alternative 2c	GPR
2003-05 FUNDING (Change to Bill)	\$421,200

d. Provide \$555,700 for state fair aids in 2003-04 only.

Alternative 2d	GPR
2003-05 FUNDING (Change to Bill)	\$555,700

e. Provide \$319,600 for state fair aids in 2003-04 only.

Alternative 2e	GPR
2003-05 FUNDING (Change to Bill)	\$319,600

f. Provide \$210,600 for state fair aids in 2003-04 only.

Alternative 2f	GPR
2003-05 FUNDING (Change to Bill)	\$210,600

3. Delete provision.

Alternative 3	GPR
2003-05 FUNDING (Change to Bill)	\$1,111,400

B. Fair Aids Formula

1. Provide up to 50% of junior premiums awarded, not to exceed \$10,000 per fair.
2. Provide up to 33% of junior premiums awarded, not to exceed \$6,000 per fair.
3. Maintain current law.

Prepared by: Christopher Pollek
Attachment

ATTACHMENT

County and District Fair Revenues, Premiums and State Aid

<u>Fair Location</u>	<u>County</u>	<u>2001 Revenue</u>	<u>2002 Premiums Awarded</u>			<u>Total Premiums Awarded</u>	<u>2002-03 State Fair Aid</u>
			<u>Junior</u>	<u>Adult</u>	<u>Senior</u>		
Antigo	Langlade	\$76,600	\$6,800	\$900	\$11	\$7,711	\$5,480
Arkansaw	Pepin	8,200	2,200	600	0	2,800	2,056
Athens	Marathon	25,300	3,600	1,900	0	5,500	3,765
Baraboo	Sauk	213,500	6,200	1,300	0	7,500	5,707
Beaver Dam	Dodge	556,300	13,600	3,600	119	17,319	11,223
Black River Falls	Jackson	78,300	6,800	4,100	0	10,900	7,637
Bloomington	Grant	58,600	4,200	0	0	4,200	3,072
Cedarburg	Ozaukee	282,700	8,100	2,500	218	10,818	7,041
Chilton	Calumet	304,000	9,000	3,900	55	12,955	8,531
Chippewa Falls	Chippewa	620,700	13,100	11,100	113	24,313	11,971
Crandon	Forest	9,600	700	1,200	31	1,931	1,469
Darlington	Lafayette	200,000	6,400	1,100	0	7,500	5,688
De Pere	Brown	64,500	6,600	1,700	258	8,558	6,362
Eagle River	Vilas	87,200	1,600	1,900	0	3,500	2,706
Eau Claire	Eau Claire	28,900	6,600	0	0	6,600	4,773
Elkhorn	Walworth	2,001,600	21,600	23,500	173	45,273	11,971
Ellsworth	Pierce	284,400	12,000	3,900	0	15,900	9,564
Elroy	Juneau	47,400	3,700	1,500	0	5,200	3,935
Florence	Florence	23,700	700	900	0	1,600	1,138
Fond du Lac	Fond du Lac	714,500	14,700	2,400	27	17,127	11,112
Friendship	Adams	73,200	5,500	1,800	0	7,300	5,520
Galesville	Trempealeau	103,900	7,500	2,400	0	9,900	7,091
Gays Mills	Crawford	89,900	7,700	1,500	0	9,200	6,644
Gillet	Oconto	193,300	7,200	1,100	278	8,578	6,366
Glenwood City	St. Croix	161,500	9,600	4,100	229	13,929	9,312
Grantsburg	Burnett	123,800	5,100	2,100	810	8,010	6,094
Green Lake	Green Lake	74,800	4,500	1,100	0	5,600	4,269
Hayward	Sawyer	76,700	3,700	2,800	18	6,518	4,978
Iron River	Bayfield	197,300	6,700	2,800	0	9,500	6,822
Janesville	Rock	1,061,800	30,300	0	0	30,300	11,971
Jefferson	Jefferson	1,227,800	12,900	4,100	111	17,111	10,385
Ladysmith	Rusk	110,500	6,500	4,500	0	11,000	7,210
Lancaster	Grant	236,500	10,900	3,200	165	14,265	9,424
Lodi	Columbia	188,000	6,300	1,100	0	7,400	5,664
Luxembourg	Kewaunee	142,900	8,800	2,800	0	11,600	8,081
Madison	Dane	612,900	19,300	0	0	19,300	11,841
Manitowoc	Manitowoc	602,900	9,000	7,200	0	16,200	9,495
Marengo	Ashland	73,600	1,500	2,700	85	4,285	3,025
Marshfield	Wood	659,900	13,700	16,300	182	30,182	11,971
Mauston	Juneau	69,400	4,300	2,100	160	6,560	5,007

<u>Fair Location</u>	<u>County</u>	<u>2001 Revenue</u>	<u>2002 Premiums Awarded</u>			<u>Total Premiums Awarded</u>	<u>2002-03 State Fair Aid</u>
			<u>Junior</u>	<u>Adult</u>	<u>Senior</u>		
Medford	Taylor	\$90,100	\$5,600	\$0	\$0	\$5,600	\$4,180
Menomonie	Dunn	112,500	6,600	1,300	5	7,905	5,748
Merrill	Lincoln	176,000	6,200	3,000	112	9,312	6,706
Milwaukee	Milwaukee	3,000	1,000	0	0	1,000	721
Mineral Point	Iowa	239,200	9,000	3,300	66	12,366	8,244
Mondovi	Buffalo	135,800	6,700	400	0	7,100	5,275
Monroe	Green	421,600	9,000	1,800	49	10,849	7,503
Neillsville	Clark	90,800	12,200	6,300	174	18,674	11,971
Oshkosh	Winnebago	269,300	9,900	1,100	0	11,000	7,736
Phillips	Price	155,900	4,600	3,000	1,829	9,429	6,741
Plymouth	Sheboygan	1,316,900	17,700	4,100	0	21,800	11,971
Portage	Columbia	215,900	11,600	2,300	38	13,938	9,304
Rhineland	Oneida	46,100	1,200	700	39	1,939	1,408
Rice Lake	Barron	356,600	11,200	5,500	30	16,730	10,823
Richland Center	Richland	89,600	6,400	3,200	11	9,611	6,799
Rosholt	Portage	227,000	7,800	0	0	7,800	5,888
Saxon	Iron	85,800	1,800	3,100	0	4,900	3,653
Seymour	Outagamie	948,400	13,100	2,400	0	15,500	10,021
Shawano	Shawano	1,287,200	15,600	8,100	1,060	24,760	11,971
Spoooner	Washburn	75,700	4,500	1,100	42	5,642	4,218
St. Croix Falls	Polk	219,700	10,900	3,300	313	14,513	9,275
Sturgeon Bay	Door	234,600	4,900	3,300	0	8,200	6,150
Superior	Douglas	236,900	3,600	2,700	70	6,370	4,570
Tomah	Monroe	652,600	8,500	6,400	536	15,436	10,010
Union Grove	Racine	680,900	12,400	6,300	8	18,708	11,654
Viroqua	Vernon	242,400	12,900	6,300	0	19,200	11,083
Waukesha	Waukesha	582,000	18,600	6,000	451	25,051	11,971
Wausau	Marathon	654,200	19,600	2,100	0	21,700	11,971
Wausaukee	Marinette	235,300	5,700	1,800	151	7,651	5,700
Wautoma	Waushara	140,000	8,200	3,200	0	11,400	7,845
Webster	Burnett	17,700	2,200	1,300	505	4,005	3,006
West Bend	Washington	627,900	10,400	3,800	237	14,437	9,658
West Salem	La Crosse	354,000	13,900	4,500	0	18,400	11,573
Westfield	Marquette	39,700	3,300	1,300	152	4,752	3,578
Weyauwega	Waupaca	295,300	10,200	2,500	0	12,700	8,434
Wilmot	Kenosha	<u>713,600</u>	<u>15,100</u>	<u>4,300</u>	<u>208</u>	<u>19,608</u>	<u>11,971</u>
Totals		\$24,036,800	\$651,300	\$241,500	\$9,121	\$901,900	\$555,700